

Investor Fact Sheet 2015 Second-Quarter Report



PHILIP MORRIS INTERNATIONAL

Contents

■ <u>Highlights</u>	2
■ <u>Consolidated Financial Review</u>	3
■ <u>Reconciliation of Non-GAAP Measures</u>	5
■ <u>Shareholder Information</u>	7

Profile

- Philip Morris International Inc. (PMI) is a U.S. corporation with headquarters in New York
- Our center of operations is in Lausanne, Switzerland
- PMI is the leading international tobacco company
- Our brands are sold in more than 180 markets
- We own 6 of the top 15 international cigarette brands in the world
- We held an estimated 15.6% share of the total international cigarette market outside the U.S., or 28.6% excluding the People's Republic of China and the U.S. in 2014

Highlights

■ On July 16, 2015, PMI Reported 2015 Second-Quarter Results:

- Reported diluted earnings per share of \$1.21, up by \$0.04 or 3.4% versus \$1.17 in 2014. Excluding unfavorable currency of \$0.33, reported diluted earnings per share up by \$0.37 or 31.6% versus \$1.17 in 2014.
- Adjusted diluted earnings per share of \$1.21, down by \$0.20 or 14.2% versus \$1.41 in 2014. Excluding unfavorable currency of \$0.33, adjusted diluted earnings per share up by \$0.13 or 9.2% versus \$1.41 in 2014.
- Cigarette shipment volume of 219.8 billion units, down by 1.4% excluding acquisitions.
- During the quarter, PMI declared a regular quarterly dividend of \$1.00, representing an annualized rate of \$4.00 per common share. Since its spin-off in March 2008, PMI has increased its regular quarterly dividend by 117.4% from the initial annualized rate of \$1.84 per common share. PMI did not make any share repurchases in the first six months of 2015.

■ On July 16, 2015, PMI announced:

- The dissolution of its exclusive joint venture agreement with Swedish Match AB (“SWMA”) to commercialize Swedish snus and other smoke-free tobacco products worldwide, outside of Scandinavia and the United States. The dissolution, mutually agreed with SWMA, means that both companies will now focus on independent strategies for the commercialization of these products and the trademarks and intellectual property licensed to the joint venture by the companies will revert to their original owners.

The dissolution of this agreement will not have a material impact on PMI’s consolidated results of operations, cash flows or financial position.

- The extension of its strategic framework with Altria Group, Inc. (“Altria”), signed in December 2013, to include a Joint Research, Development and Technology Sharing Agreement. The additional Agreement provides the framework under which PMI and Altria will collaborate to develop the next generation of e-vapor products for commercialization in the United States by Altria and in markets outside the United States by PMI. The collaboration between PMI and Altria in this endeavor is enabled by exclusive technology cross licenses and technical information sharing. The Joint Research, Development and Technology Sharing Agreement also provides for cooperation between PMI and Altria on scientific assessment, regulatory engagement and approval related to e-vapor products.
- A reconciliation of Non-GAAP Measures is included at the end of this investor fact sheet.

Additional information is available at

www.pmi.com/investors

Consolidated Financial Review

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Quarters Ended June 30,		
	2015	2014	% Change
Net revenues	\$18,763	\$21,051	(10.9)%
Cost of sales	2,378	2,696	(11.8)%
Excise taxes on products ⁽¹⁾	11,904	13,254	(10.2)%
Gross profit	4,481	5,101	(12.2)%
Operating income ⁽²⁾	2,892	2,874	0.6 %
Earnings before income taxes	2,633	2,620	0.5 %
Provision for income taxes	743	752	(1.2)%
Equity (income)/loss in unconsolidated subsidiaries, net	(26)	(27)	
Net earnings	1,916	1,895	1.1 %
Net earnings attributable to noncontrolling interests	29	44	(34.1)%
Net earnings attributable to PMI	1,887	1,851	1.9 %
Basic earnings per share	1.21	1.17	3.4 %
Diluted earnings per share	1.21	1.17	3.4 %

■ Results by Business Segment	For the Quarters Ended June 30,			
	2015	2014	% Change	Excluding Currency
European Union				
Net revenues	\$6,336 ⁽³⁾	\$7,829	(19.1)%	0.8 %
Net revenues, excluding excise taxes on products	1,988	2,393	(16.9)%	3.5 %
Operating companies income ⁽²⁾	977	711	37.4 %	76.7%
Eastern Europe, Middle East & Africa (EEMA)				
Net revenues	4,994 ⁽³⁾	5,674	(12.0)%	11.1 %
Net revenues, excluding excise taxes on products	1,919	2,283	(15.9)%	4.4 %
Operating companies income ⁽²⁾	881	1,087	(19.0)%	4.3 %
Asia				
Net revenues	5,039 ⁽³⁾	5,097	(1.1)%	8.4 %
Net revenues, excluding excise taxes on products	2,145	2,311	(7.2)%	2.7 %
Operating companies income ⁽²⁾	797	900	(11.4)%	(0.7)%
Latin America & Canada				
Net revenues	2,394 ⁽³⁾	2,451	(2.3)%	11.9 %
Net revenues, excluding excise taxes on products	807	810	(0.4)%	13.5 %
Operating companies income ⁽²⁾	325	265	22.6 %	41.9 %

(1) The segment detail of excise taxes on products sold for the quarters ended June 30, 2015 and 2014 is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

(2) PMI's management evaluates segment performance and allocates resources based on operating companies income, which PMI defines as operating income, excluding general corporate expenses and amortization of intangibles, plus equity (income)/loss in unconsolidated subsidiaries, net. The reconciliation from operating income to operating companies income is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

(3) 2015 Currency increased (decreased) net revenues as follows: European Union \$(1,558), EEMA \$(1,311), Asia \$(487), Latin America & Canada \$(348); totaling \$(3,704).

Consolidated Financial Review (CONTINUED)

(in millions of dollars, except per share data)



■ Balance Sheet Highlights and Ratios	June 30,	December 31,
	2015	2014
Cash and cash equivalents	\$ 1,838	\$ 1,682
Receivables	3,619	4,004
Inventories	7,207	8,592
Property, plant and equipment, net	5,815	6,071
Goodwill	7,914	8,388
Other intangible assets, net	2,807	2,985
Investments in unconsolidated subsidiaries	1,020	1,083
Total assets	32,713	35,187
Total debt	29,202	29,455
Total liabilities	44,511	46,390
Total stockholders' deficit	(11,798)	(11,203)
Total debt to Adjusted EBITDA	2.34 ⁽⁴⁾	2.24 ⁽⁴⁾
Net debt to Adjusted EBITDA	2.19 ⁽⁴⁾	2.12 ⁽⁴⁾

■ Cash Flow Statement Highlights	For the Six Months Ended June 30,	
	2015	2014
Net cash provided by operating activities	\$ 3,300	\$ 3,420
Capital expenditures	(413)	(508)
Long-term debt proceeds	302	3,632
Long-term debt repaid	(400)	(1,240)
Repurchases of common stock	(48)	(2,281)
Dividends paid	(3,110)	(2,993)

(4) For the calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA ratios, refer to Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

Reconciliation of Non-GAAP Measures

■ Reconciliation of Operating Income to Operating Companies Income

For the Quarters Ended June 30, (\$ in millions) (Unaudited)	2015	2014	% Change
Operating Income	\$2,892	\$2,874	0.6%
Excluding:			
Amortization of intangibles	21	22	
General corporate expenses (included in marketing, administration and research costs)	41	40	
Plus:			
Equity(income)/loss in unconsolidated subsidiaries, net	(26)	(27)	
Operating Companies Income	\$2,980	\$2,963	0.6%

■ Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency

For the Quarters Ended June 30, (Unaudited)	2015	2014	% Change
Reported Diluted EPS	\$1.21	\$1.17	3.4%
Adjustments:			
Asset impairment and exit costs	—	0.24	
Tax items	—	—	
Adjusted Diluted EPS	\$1.21	\$1.41	(14.2)%
Less:			
Currency impact	(0.33)		
Adjusted Diluted EPS, excluding Currency	\$1.54	\$1.41	9.2%

■ Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency

For the Quarters Ended June 30, (Unaudited)	2015	2014	% Change
Reported Diluted EPS	\$1.21	\$1.17	3.4%
Less:			
Currency Impact	(0.33)		
Reported Diluted EPS, excluding Currency	\$1.54	\$1.17	31.6%

■ Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended June 30,

(\$ in millions) (Unaudited)										% Change in Reported Net Revenues excluding Excise Taxes			
2015				2014									
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions	Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$ 6,336	\$ 4,348	\$ 1,988	\$ (488)	\$ 2,476	\$ 4	\$ 2,472	\$ 7,829	\$ 5,436	\$ 2,393	(16.9)%	3.5%	3.3%	
4,994	3,075	1,919	(464)	2,383	1	2,382	5,674	3,391	2,283	(15.9)%	4.4%	4.3%	
5,039	2,894	2,145	(229)	2,374	—	2,374	5,097	2,786	2,311	(7.2)%	2.7%	2.7%	
2,394	1,587	807	(112)	919	3	916	2,451	1,641	810	(0.4)%	13.5%	13.1%	
\$18,763	\$11,904	\$ 6,859	\$ (1,293)	\$ 8,152	\$ 8	\$ 8,144	PMI Total	\$21,051	\$13,254	\$ 7,797	(12.0)%	4.6%	4.5%

2015						2014						% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Reported Operating Companies Income	Reported excluding Currency	Reported excluding Currency	Reported excluding Currency & Acquisitions	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions		
\$ 977	\$ (279)	\$ 1,256	\$ (2)	\$ 1,258	\$ 711	\$ 711	37.4 %	76.7%	76.9%					
881	(253)	1,134	(1)	1,135	1,087	1,087	(19.0)%	4.3%	4.4%					
797	(97)	894	—	894	900	900	(11.4)%	(0.7)%	(0.7)%					
325	(51)	376	2	374	265	265	22.6 %	41.9%	41.1%					
\$ 2,980	\$ (680)	\$ 3,660	\$ (1)	\$ 3,661	PMI Total	\$ 2,963	0.6 %	23.5%	23.6%					

Reconciliation of Non-GAAP Measures (CONTINUED)

■ Calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA Ratios

(\$ in millions, except ratios) (Unaudited)	For the Year Ended June 30, 2015			For the Year Ended December 31, 2014
	July - December 2014	January - June 2015	12 months rolling	
Earnings before income taxes	\$ 5,347	\$ 5,229	\$ 10,576	\$ 10,650
Interest expense, net	530	534	1,064	1,052
Depreciation and amortization	462	377	839	889
Extraordinary, unusual or non-recurring expenses, net ⁽¹⁾	23	—	23	535
Adjusted EBITDA	\$ 6,362	\$ 6,140	\$ 12,502	\$ 13,126
			June 30, 2015	December 31, 2014
Short-term borrowings			\$ 1,710	\$ 1,208
Current portion of long-term debt			2,926	1,318
Long-term debt			24,566	26,929
Total Debt			\$ 29,202	\$ 29,455
Less: Cash and cash equivalents			1,838	1,682
Net Debt			\$ 27,364	\$ 27,773
Ratios				
Total Debt to Adjusted EBITDA			2.34	2.24
Net Debt to Adjusted EBITDA			2.19	2.12

(1) Asset Impairment and Exit Costs at Operating Income level.

Shareholder Information



■ Philip Morris International Inc. is listed on the New York Stock Exchange and NYSE Euronext/Paris (ticker symbol "PM"). The company is also listed on the SIX Swiss Exchange (ticker symbol "PMI").

■ **Investor Relations:**

New York: 917-663-2233

Lausanne: 41(0)58-242-4666

■ **Shareholder Publications:**

For our filings with the Securities and Exchange Commission and other publications and reports,

please visit: www.pmi.com/investors or you may download PMI's free Investor Relations Mobile Application at www.pmi.com/irapp

■ **Shareholder Response Center:**

Computershare Trust Company, N.A., our transfer agent, will answer questions about your accounts, certificates, dividends or the Direct Stock Purchase and Dividend Reinvestment Plan.

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